

## CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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SECURITY INFORMATION

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SUBJECT	Production and Distribution Bottlenecks in the East German Metal Industry	DATE DISTR.	11 May 1953
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		REFERENCES	

25X1X

RECALL

1. It is requested that a report issued with the above heading, bearing and Distribution date of 13 April 1953 and having the number of pages listed as 1, be either destroyed or returned.
2. The correct report with the same heading, bears a distribution date of 23 April 1953 and a designation of 3 for the number of pages.

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CLASSIFICATION

SECRET

SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY

REPORT NO.

## INFORMATION REPORT

CD NO.

COUNTRY: East Germany

DATE DISTR 23 April 1953

SUBJECT: Production and Distribution Bottlenecks in the  
25X1C East German Metal Industry

NO. OF PAGES 3

PLACE  
ACQUIREDNO. OF ENCLS.  
(LISTED BELOW)DATE OF  
INFO.SUPPLEMENT TO  
REPORT NO.

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1. As of the end of September 1952, the various branches of the East German Trade Centers for Metallurgy (Deutsche Handelszentrale Metallurgie) found themselves in a position of not being able to fulfill a large number of delivery contracts concluded with East German manufacturing plants. With the exception of plants producing reparations goods and other key plants, all other plants could no longer expect to receive shipments of materials as per contracts concluded with the trade centers. However, the majority of contracts to deliver were concluded by the trade centers with small plants and plants not classified as key industries.

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- c. Sheet metal. Since August 1952, the distribution of all extruded and deep-drawn sheet metal produced has been under the control of the Ministry for Machine Construction.
  - d. Regular and narrow gauge rails. Rails are distributed exclusively by the State Administration for Material Supply.
  - e. Pig iron and steel pig. Production of pig iron and steel pig is also distributed by the State Administration for Material Supply.
4. Similar difficulties exist for the trade centers in making deliveries of spring steel and cold-rolled band steel in fulfillment of contractual commitments. The continued production of wire-drawing plants is made doubtful because East German production of wire rod is lower than called for under production plan. Unfulfilled import contracts for wire rod have increased the supply deficit. Raw material for wire-drawing plants, which is yet to be delivered out of current production and imports, will only suffice to fulfill reparations orders and government orders. Plants filling orders not in these priority categories can expect to receive no more supplies of raw materials during the rest of 1952. The supply of wire rod coming from East German production and from imports is 17,000 tons below the plan figure.
  5. The annual quota for cold-rolled band steel assigned to the Ministry for Machine Construction was 7,000 tons. However the Central Material Supply-Machine Construction (Centrale Materialversorgung Maschinenbau) allotted 7,991.161 tons of cold-rolled band steel, 991.161 tons over the official quota allowed the ministry. All of the planned supply above 7,000 tons, however, had been allotted to other quota bearers (Kontingentraeger).
  6. It had been planned to import 6,300 tons of cold-rolled band steel, but recently part of this quota, 1,500 tons, has been assigned to the import of metal for tin cans. Thus, contracts to deliver cold-rolled band steel to East German manufacturing plants cannot be met fully because of the reduction in planned supply.
  7. On the basis of the past average monthly production of the Hettstedt plant, this plant should have a production quota of 27,500 tons for the fourth quarter of 1952. 1/8 conference of rolling mill representatives, however, set a minimum quota of 30,000 tons for the Hettstedt plant for the fourth quarter. 2/ The Hettstedt plant, however, has announced that it will produce only 26,600 tons during the fourth quarter. The production quota has been retained nevertheless. The difference between the quota and what actually can be produced by the plant, 3,400 tons, has been allocated for delivery to other plants.
  8. Allotment demands of quota bearers for bar steel amount to 135,000 tons. Planned production, however, amounts to 124,000 tons. This amount was raised to 81,500 tons at a conference of rolling mill representatives.
  9. Difficulties have arisen in the allocation and distribution of the production of Walzwerk Finow. Allotment demands of quota bearers amount to 17,000 tons. The 1952 economic plan calls for monthly production of 8,000 tons. On the basis of past average monthly production, Finow's production quota was raised to 8,800 tons. Of this quota, 6,115 tons have been allocated to steel-drawing plants as raw material because production of the steel-drawing plants fell short of planned production. Even with this relatively high allocation of material, the steel-drawing plants will produce only 60% of plan by the end of the year. Thus only 1,900 tons remain to be distributed among all other quota bearers, after 785 tons have been set aside for state stockpiles. Other rolling mills have contracts amounting to 40,000 tons which cannot be fulfilled.

10. A gap between demand and production of section steel (Formstahl) exists at Maxhütte. Total demand of quota bearers amounts to 17 profiles, equalling more than 30,500 tons. Maxhütte, however, has suggested production of 10 profiles totaling 12,500 tons. Of this amount, 4,600 tons would be Siemens-Martin steel and 7,900 tons would be Thomas steel. Demand for Siemens-Martin steel is five times greater than what can be produced. The production suggestion of Maxhütte is to be accepted, although the amount of Siemens-Martin steel to be produced will amount to only 50-70% of the amount needed to cover reparations orders, the Iowa RR car program and the power program. Similar difficulties exist in meeting the demands on the production of the three-high rolling train (Triostresse) at Maxhütte. Demands of quota bearers amount to 17,586 tons as opposed to a production of 9,500 tons. Contracts have been concluded, however, to deliver 17,586 tons.
11. As of the end of the third quarter, the Ministry for Machine Construction will have used up its annual quota of heavy profiles without having fulfilled priority reparations, export and government orders (RR car program, power program, power plant B-Hungary).
12. The 1952 economic plan called for the import of 42,155 tons of heavy profiles. By the end of 1952 only 18,266 tons will have been imported.

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1/ COMMENT: This plant is not identified further in the original document. The metals for which tonnages are given are not identified in the original document.

2/ COMMENT: The meeting of rolling mill representatives took place on 20-22 August 1952.

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3/ COMMENT: Probably Walzwerk fuer Bauteile, Eottstedt (SAG Marten).

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